US Fleet Forces Command

Brief to PDI

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Agenda

- Tasks and Benefits
- Methodology
- Major Findings
- Corrective Actions
- Lessons Learned/Observations
- FFC FIP Next Steps

FFC FIP benefits extend beyond auditability to value added financial improvement

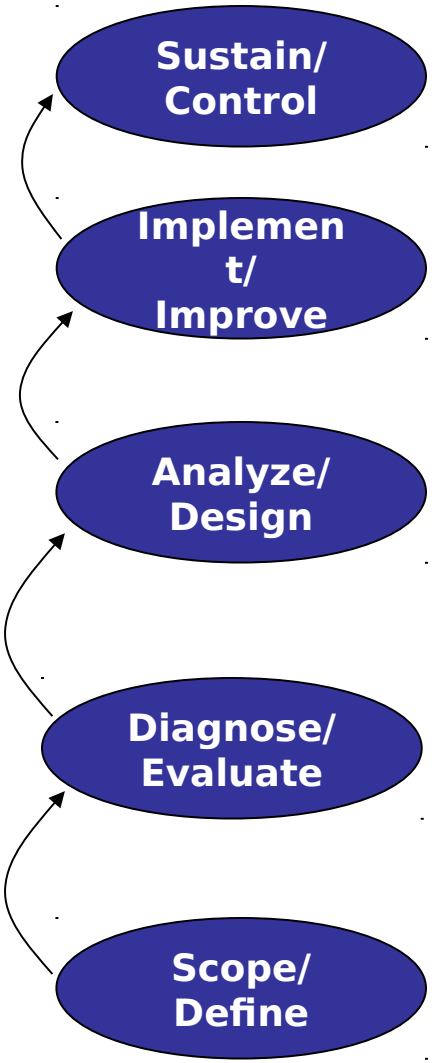
Discovery Project Tasks

- Prepare command financial statements
- Perform risk analysis and materiality determination
- Test internal controls, and business processes
- Create POA&M to include identification of deficiencies and prioritized responses with associated costs
- Develop Validation Package Management Plan
- Construct validation packages for A/R, A/P, Obligations Incurred, and Personal Property

Resulting Benefits

- Increase accuracy of information for better operational and financial decisions by FFC leadership
- Identify improvements in business practices, financial systems and processes for better financial management
- Develop roadmap to clean financial statements supporting statutory requirements for DON
- Increase control over budgetary resources to allow for better utilization of funds
- Standardize processes across command elements increasing efficiency
- Assure command compliance with DoD, DON directives

FFC is utilizing a proven methodology to ensure a successful, actionable FIP outputs



Continually improve

- Maintain and audit new improvements
- Measure performance
- Identify other opportunities

Define the boundaries of the transformation

- Prioritize transformation opportunities
- Develop and execute POA&M/FIP Plan
- Develop performance measures

Analyze baseline and identify transformation opportunities

- Assess baseline against leading audit and business practices, regulations, policies, procedures, and requirements
- Identify line item business transformation opportunities

Characterize the current (baseline) operational environment

- Evaluate financial condition via command-level financial statements
- Conduct interviews of COMLANTFLT and DFAS personnel
- Extract and analyze systems information
- Document transaction-level processes, systems, and internal controls

Define the framework for the analysis

- Identify the 80 line item percent scope
- Research relevant regulations, policies, and instructions
- Determine financial, process, and accountability requirements
- Target organizations and systems for data collection

FFC findings identify target opportunities for financial transformation

Accounts Payable	Accounts Receivable
• Accounts payable are not being recorded in a timely manner for certain transaction types - STARS-One Bill Pay; Printing; Travel; Purchase Card • Accounts payable transactions are not recorded for certain transactions – RWO; Rent, Communications and Utilities; Off station parts/supply orders; Afloat supply/parts orders; Transportation of Things • Recording accounts payable for ships/aircraft fuel prior to issuance	• Advanced payments are being recorded as credits to Accounts Receivable rather than liabilities giving the appearance of one-sided accounting entries • Doesn't appear to be a control to ensure that all services performed are billed • Appears to be insufficient standard review of system data on a periodic basis • Procedures for the cut off of transactions at or near the end of an accounting period (quarterly) are informal, and amounts may not be recorded in the appropriate accounting period.
Obligations Incurred	**Personal Property**
• Expired and cancelled appropriations are not cancelled when required consistently – FY 98, FY99, FY00. • NAVSO Publication 3013-2, Financial Management of Resources, is not current, resulting in confusion and inconsistency in the application of procedures • Reconciliation of transaction tables to USSGL trial balance does not appear to be possible • Understanding of transaction posting and USSGL reconciliation in STARS-FL	• Organizations are not using DPAS consistently to record acquisition of capital assets • No reconciliation of property in STARS-FL subsidiary ledgers and DPAS • Inconsistent application of $100K capitalization threshold • Inconsistent internal controls over sub-command personal property management

FFC's corrective actions cut across all five dimensions of transformation

FFC Validation Packages Completed
A/P, A/R, Personal Property, Obligations

Information	Process	Organization	Technology	People
Key Comptroller Information, Measures, and Reporting are critical in financial management.	***Core processes to support each of the key Comptroller roles.***	***Effective organizational structures, roles & reporting lines***	***Impact-ful technology architecture and support activities.***	***Balanced, skilled and competent Comptroller work force***
• Reconcile detail transaction information with summary ledgers • Cascade FIP-related performance measures through organization	• Define clear concise process in accordance with standards • Update or develop policies and procedures	• Develop clear, consistent responsibilities at each Echelon • Leverage org structure to implement secondary reviews (internal controls)	• Evaluate and update accounting system posting logic • Refine system requirements and operations to conform to standards	• Implement applicable training programs • Increase the understanding of proprietary transactions

Commands can leverage FFC experience to produce positive FIP results

- **General Observations:**
  - **SCRs alone are not the answer**
  - **Strategic investments in legacy systems may be required**
  - **Procedures and instructions need to be tailored to the transaction level user**
- **Lessons Learned:**
  - **Decide on realistic deliverable schedules upfront**
  - **Build ample deliverable review time into project schedule**
  - **Focus more on the value added tasks and deliverables than on the non-value**
  - **Bring command leadership and stakeholders together to discuss findings and corrective actions**
  - **“Think out loud” with stakeholders and contractors**

FFC is open to discussing and sharing results across commands to produce the best possible outputs for the FIP

FFC is forging ahead to implement corrective action and improve DON financial management

Task Orders submitted

- ✓ Remediation (Obligations Incurred, A/R, A/P)
  - Smaller Task Orders submitted under remediation for quick action
    - *A/P reimbursable work orders*
    - *Aviation fuel A/P*
    - *Ship's fuel A/P*
    - *A/R remediation*
- ✓ Reimbursables
- ✓ Additional Validation Packages – FBWT, Outlays, Collections
- ✓ Personal Property Remediation
- ✓ Shipyard Financial Transformation
- ✓ Outstanding Travel Advances

Developing Task Orders

- ERP Financial Transformation
- Performance Metrics
- UMDs
- Centrally Billed Accounts
- Prompt Payment

FMO support has been a key facet of FFC FIP success!!!

UNITED STATES
FLEET FORCES COMMAND